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BATTLE FOR SURVIVAL

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SOLUTION OF THE TOBACCO PROBLEM A NATIONAL ISSUE



Tobacco, Greece's number 1 product, yields the highest income per acre. Despite the limited area over which it is cultivated, before the war it gave employment to 160,000 rural families, 10,000 land-workers, 40,000 tobacco-workers and 16,000 workers in the tobacco industry and tobacco enterprises. In 1949, the number of rural families employed in tobacco cultivation had fallen to 113,884. The tobacco growers are working hard, but meanwhile, great stocks of high-quality Greek tobacco have remained unsold, with consequent loss to our national economy. The government is now making efforts to recover the pre-war markets and restore tobacco-cultivation to its pre-war level. The achievement of this aim will ensure the country a steady income of \$ 100 million per year.

WEEK BY WEEK

Following the debate on the government's statement of policy last week, the government received a vote of confidence from the House, with 164 votes to 54. As is generally recognized, it is the government's fundamental purpose to promote the work of reconstruction by every means in its power. Since government stability is an essential requirement for this, the hope is expressed on every side that the country has passed the stage of political crises and can now devote its undivided attention to tackling the immense problems of recovery.

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During the past week, Mr. Paul Porter, former Chief of the ECA Mission to Greece, who has been appointed ECA Assistant Administrator for Program, left Athens for the U.S. capital. Mr. Porter will pass through Geneva and Paris, where he will have talks lasting two days with ECA Chiefs in France.

At a farewell dinner given in his honour by the Greek government, warm speeches were exchanged on either side. The first speaker, Mr. Sophocles Venizelos, the Prime Minister, began by expressing the regret of the government at the departure of Mr. Porter and stressed the understanding which he had shown of Greek affairs, doing all in his power to help solve the very difficult problems which confront the government and the people of Greece. Turning to the new Chief of the ECA Mission, the Prime Minister said: "The road which your worthy successor, Mr. Lapham, is being called upon to follow is still a hard one. But the way has been made considerably smoother by you." Concluding, Mr. Venizelos promised Mr. Lapham all cooperation and wished Mr. Porter farewell and every success in his new duties.

Replying, Mr. Porter said that he was leaving with feelings of optimism for the future of Greece. He recalled the particularly satisfactory cooperation between the Greek government and the ECA Mission and added that never in his life had he worked so hard.

A speech was also made by Mr. Lapham, the new Chief of Mission, who paid tribute to the work of his predecessor and expressed his pleasure at finding himself in Greece five years after the disappearance of Hitler, Mussolini and the Japanese. Mr. Lapham said he had come at a time when the world was divided into two camps: the camp of those who lived in freedom in the democratic countries, respecting the rights of the individual, and the camp of those where the few dominate over the many and the liberties of the people are suppressed. He then referred to the international situation which had been created as a result of the unprovoked, Russian-instigated aggression of the North Koreans against the democracy of Southern Korea, which had brought a new war to our doors, and paid tribute to Greece's participation in the struggle of the United Nations. The despatch of a Greek Expeditionary Force was in keeping with

the noble Greek traditions of devotion to the cause of freedom. The Chief of the ECA Mission concluded with the assurance that the Mission was in Greece to help this country by every means in its power to resist the Moscow-instigated attack and promised to do all in his power further to strengthen Greek-American relations.

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The reconstruction of the ruins which have been heaped upon Greece by the war continues to arouse the practical interest and concern of friends of this country all over the world. It has been reported in the Press that the town of Otago, in New Zealand, has adopted two of the hardest-hit Greek villages, Delvinaki and Aïdonochori. The choice of these villages was made by Lady Norton, wife of the British Ambassador to Greece. This new token of the friendship of the people of New Zealand, to whom we are bound by an indissoluble comradeship-in-arms, greatly moved public opinion in Greece, where the memory of the heroic New Zealanders who fought in this country against the common foe, remains always alive.

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A recent BBC broadcast which was devoted to reconstruction in the rural districts of Greece, recalled one more token of British friendship for her ally in two world wars, with an announcement that the "Greek Week" of the city of Liverpool had just come to an end. The purpose of this "Greek Week" was to launch a country-wide campaign to assist the reconstruction of the villages of Greece.

The extent of the damage sustained throughout the countryside in Greece is truly shocking, and the rural population of this country welcome with gratitude the assistance of their friends outside Greece in their hard task of rebuilding their burnt villages.

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At a meeting in Salonika of War-Victims and War-Disabled, an important step forward in the treatment of child delinquency in this country was announced by His Majesty the King: children's prisons are no longer to exist. Henceforth, the National Foundation will take charge of juvenile delinquents who will be re-educated in accordance with the methods and principles of the Leros School, which have proved successful in the re-education of communist youth.

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The first two diesel-cars from Italian reparations have arrived in this country and will be put into operation very shortly. They will make an important contribution to the improvement of railway communications in this country.

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Other events of the week included the establishment, following cooperation between the government and the ECA Mission, of an Apprentice Training Directorate at the Ministry of Labour.

A Greek-Swedish Trade Agreement has been signed.

G R E E K T O B A C C O

Tobacco is one of Greece's principal crops. Before the war, tobacco was grown on a total area of about 233,000 acres, or 3.9 per cent of the cultivated acreage of the country, but the value of tobacco production placed it fourth in importance, after cereals, olives and vines, and it accounted for 13.4 per cent of the total value of production.

Before the war, 160,000 families in rural districts were engaged in growing tobacco. A further 10,000 land-workers, 40,000 tobacco workers, 6,000 workers in the tobacco industry and 10,000 workers in tobacco enterprises, were also employed.

The special importance of tobacco will be appreciated if it is borne in mind that the growing of this crop constitutes the sole occupation in agricultural districts where the land is divided into small lots, and only a crop which requires much labour can provide employment for the population in these districts.

The income derived from one acre of tobacco is seven times that derived from other crops, and 180-200 man days are required per acre, in contrast to cereals which require very little labour.

The tobacco-producers have reached a high level of skill in the growing of tobacco, but their great problem is the marketing of their production.

The war and the political situation which followed it, resulted in a disruption of the markets where Greek tobacco had been most in demand, and thus large stocks have accumulated.

An intensive effort has been made to recover the pre-war markets and gain new ones. The German-Greek Trade Agreement which has just been signed restores the links of Greek tobacco production with its principal pre-war market, and thus gives an immediate solution to a great part of the problem of marketing Greek tobacco.

THE SIGNIFICANCE OF THE GREEK - GERMAN TRADE AGREEMENT

In Parliament, the signature has been announced of a new Trade Agreement with Germany, based on the export to that country of large quantities of Greek tobacco.

Last June, commercial negotiations with Germany were broken off, owing to the refusal of the German government to undertake the obligation to import Greek tobacco in substantial quantities, on the ground, first that the German tobacco industry had only a limited interest in oriental tobacco, following the shift in the taste of the German smoker towards Virginia tobacco, and second that there were in the warehouses unused stocks of oriental tobacco, amounting to 16,000 tons which, at the existing rate of consumption, would be sufficient for about the next two years.

In these circumstances, the export to Germany of Greek tobacco, which the previous year had only just reached 5,000 tons, was expected to fall even further during the current year. The immediate consequence of this would be a further slump in the market owing to the large stocks of tobacco, and the ultimate result, the loss to Greek tobacco of the great German market, which would be permanently won over to American tobacco.

Indicative of this inescapable situation, which was described as desperate for Greek tobacco, is

the recommendation, that we should take up the cultivation in this country of Virginia tobacco, in place of the Greek varieties.

This situation will be gradually but radically altered by the new, recently-signed Trade Agreement with Germany, which marks a turning point not only in our commercial relations with that country, but also in the development of our national economy.

The agreement provides for the purchase by Germany of 10,000 tons of Greek tobacco up to the end of 1951, and subsequently, at least 25,000 tons during the next two years, on the assumption, in the case of the latter purchase, that the duty on cigarettes in Germany will, in the meantime, be reduced, so that a considerable increase in consumption will result. For this reduction in duty, which is sought by German tobacco industrialists and recommended by many German leaders, there are good prospects, while encouraging assurances have been given by the German government.

Examining the agreement from the Greek side, we must acknowledge that it is undoubtedly an event of the maximum importance for our national economy for the present and particularly for the near and more remote future.

With regard to the present, the importance of

the agreement lies in the fact that the obligation undertaken by the German government to buy 10,000 tons of tobacco from the 1949 and earlier crops, will considerably improve market conditions which have been affected by large unsold stocks in the hands of merchants and producers, a great part of which is suitable for the German market, and the sale of which seemed up to now almost impossible.

With regard to the near and more remote future, the importance of the agreement lies in the following:

(1) From the provisions of the agreement and even more from statements by German officials and articles in the German Press, it is clear that the German tobacco industry and German consumption have decided to return to the oriental cigarette which had been abandoned for various reasons after the war.

Bearing in mind the fact that the basis for the oriental cigarette smoked in Germany has always been Greek tobacco, this fortunate shift by the German industry will principally benefit Greek tobacco.

(2) Before the war, Germany was the principal consumer of Greek tobacco; that country alone took about half of our exportable tobacco, or more than 22 million kilograms, on an average, over the five-year period from 1935-39, since it occupied the leading place among the countries of Europe, where the pure oriental cigarette was smoked.

Furthermore, the purchase by Germany of Greek tobacco not only contributed to a gradual increase in our production, but also to creating economic stability in this country, since the production was usually absorbed from one year to another, so that excessive stocks did not accumulate and affect the satisfactory sale of the following year's crop.

For these reasons, and owing to her large population, Germany continues to-day to constitute a most important market for this country. The need to regain this market was consequently recognized by all to be a matter of life and death, and it was urged on every side that its recovery should be pursued "at all costs." Otherwise, there would inevitably be a serious fall in our tobacco production, and further misery would be inflicted on a large part of the Greek population which depends on tobacco for its livelihood, with all the unfortunate economic, social and political consequences.

The agreement which has been signed lays the foundations for the recovery of the German

market, without any sacrifice whatsoever by this country, in view of the fact that in exchange for the tobacco to be exported, essential machinery and goods to be imported for the reconstruction of the country, can be procured at good prices. At the same time, through the agreement, the danger of a fall in our tobacco production is averted.

(3) The purchase, under these arrangements, by the German tobacco industry of Greek tobacco, will not only contribute to a considerable improvement in Greek tobacco exports, but also to the development of healthy competition and allow prices to find their own level, to the benefit of the Greek tobacco producer and our national economy as a whole.

(4) We believe that the recovery of Greece's disrupted economy would be impossible without the resumption and development on a sufficient scale of our commercial relations with Germany.

If before the war from 1935-39, our economy was marked by a substantial soundness and stability, this was primarily due to our trade relations with Germany. On the Greek side, these trade relations mainly depended on the export of tobacco.

Thus, in 1937, the value of our total exports to Germany amounted to 2,954,898,000 drachmae, of which 1,903,865,000 drachmae, or about two-thirds, were accounted for by tobacco exports.

Post-war economic and political conditions in Germany reduced the purchase of Greek tobacco to a minimum, partly owing to the entry of American tobacco into the German market, and partly owing to the reduction in cigarette consumption in that country, as a result of the economic difficulties of the German smoker. To-day, annual consumption does not exceed 25,000 tons.

But the recent rapid increase in German productivity and the consequent gradual improvement in the standard of living of the German people, will, according to the estimates of experts, certainly result in cigarette consumption increasing to 40-45,000 tons. The anticipated reduction in the duty will also help in this direction.

In conclusion, we believe that the Greek-German Trade Agreement which has been signed, will mark the start of a better future for Greek tobacco and of an improvement in the economy of Greece.

CH. THEODOROPOULOS

Chairman of the Greek State Autonomous Tobacco Organization.

GEORGE PAPANDREOU
VICE - PREMIER OF THE GREEK GOVERNMENT

MY MISSION TO GERMANY

During the eighth session of Parliament, on November 13th, following the government's statement of policy, Mr. George Papandreou, the vice-Premier and Minister of Coordination, gave a detailed review of the results of his mission to Germany. Addressing the House, Mr. Papandreou said:

Gentlemen, it is my duty to lay before the House a report on my mission to Western Germany, where I went to negotiate a trade agreement. It is with great pleasure that I fulfil this duty.

The House is aware of the great importance of placing Greek tobacco in foreign markets.

It is so large a problem, that it cannot be considered merely a political, economic and social question. **It is a truly national issue.** It has been unfortunate that the war has interrupted the sale of Greek tobacco in its largest foreign markets, Germany and America.

Before the war, we exported to Germany about half of our production—20-25,000 tons. About 10,000 tons went to America. After the war, came the crisis. In the United States, whereas consumption doubled, the export of Greek tobacco was reduced by half. It fell to about 5,000 tons. And in Germany, from 25,000 tons, it dropped to 5,000. The crisis was very grave. Great dangers were involved for our country, through the impoverishment of our people. Committees were repeatedly set up by previous governments to study the problem, and the conclusions of these committees were unanimous. They stressed that both economic and political measures were required for the recovery of the foreign markets. The economic measures can be divided into two categories: the immediate and the permanent. The immediate measures consist of subsidies and concentration of tobacco. Both are in force to-day. Concentration is to start next Thursday. The permanent measures were those which were aimed at increasing the competitive possibilities of Greek tobacco in the international market. These may be divided into three classes: first, improvement of quality; second, reduction in costs; and third, stabilization of prices. There would also have to be some suitable organization to study the foreign markets and provide information to foreign buyers, as well as to act as an adviser to the Greek government. The nucleus of such an organization already exists: the Autonomous Tobacco Organization, which must be widely developed, so that it may fulfil its purpose.

But it was not only the reduction in our exports to our old markets which was alarming, it was also **the rate of this reduction.** For there was no increase, there was a reduction. Here are the figures for the American market:

1947-48	7,141 tons
1948-49	5,876 "
1949-50	4,484 "

And what happened during the first four months of the present fiscal year? After all the efforts which were made, you have heard the figures given me by the Autonomous Tobacco Organization. So far 664 tons have been exported and transactions concluded for 1,400 tons, making a total of 2,000 tons. This is the position of the American market to-day, four months after the start of the new fiscal year.

And the Tobacco Organization states that there is no concrete indication up to the present of the intentions of the U.S. companies as to the total

quantity which they will buy during the fiscal year which has begun.

The same happened on an even more serious scale in the case of the German market.

This, gentlemen, was the actual position, which led us to the decision to go to Western Germany. We were aware of the difficulties, and we did not conceal them from the Greek people before we left. We also appreciated how costly in Greek political life the consequences of failure would be and how low success is rated. But we disregarded the danger, because we felt that it was a great duty to exhaust all **our efforts in the service of the nation**, irrespective of what the consequences would be.

"A HOPELESS SITUATION"

Thus, on October 6th, at the head of a delegation of distinguished senior officials, we left for Germany. The information which awaited us at Frankfurt the following day, was far worse than any which had reached Athens. The members of the Greek Delegation will recall the gloom of that first evening. We were all filled with a sentiment of despair. Mr. Andreades, a distinguished senior official and adviser on tobacco to the Ministry of National Economy, who had accompanied the Chairman of EPEK to the United States, had been sent on ahead a few days earlier, to examine the position and report to us on our arrival. As soon as we arrived, he submitted the following report to us:

"In accordance with your verbal instructions to me before my departure from Athens, on my arrival in Hamburg I communicated with tobacco-industrialists to obtain the information which would be required by you, before the delegation commenced its negotiations.

"The impression which I have gained from these contacts is disappointing.

"With the exception of Mr. Kyriazis, every one else told me categorically that we must take up the cultivation of Virginia tobacco without any delay, particularly in Thessaly and Argos. They told me that they were not, of course, opposed to Greek tobacco, but they had suffered great losses as a result of their attempts to reintroduce oriental tobacco and could no longer make experiments which jeopardized their enterprises, in view of the fact that German taste had definitely gone over to the American type of cigarette and dropped oriental tobacco, the consumption of which had fallen, according to Mr. Schering to 5 per cent of the total consumption, and according to Mr. Reemtsma to 3 per cent.

"It is noteworthy that Mr. Kyriazis who is a sincere patriot and whose interests are mainly bound up with oriental tobacco, **described the situation as desperate** and stressed that **we had come too late** and that we should have foreseen the situation years ago.

"I mention this so that we should not labour under the dangerous impression which prevailed in

certain circles before my departure from Athens, that the German tobacco industry is going to help us. On the contrary, the German tobacco industry will aim, and rightly so, at safeguarding its own interests which are contrary to ours. They allege that there are sufficient stocks of oriental tobacco for one-and-a-half years and that consequently their requirements in Greek tobacco to-day are negligible, amounting at the most to two to three thousand tons."

The following day, Mr. Kambalouris, the Greek Consul in Hamburg, submitted his report to me. This report was as follows:

"From the time when the negotiations for the signature of a trade agreement between the Greek delegation and the German authorities were interrupted, last June, as a result of the German government's refusal to buy an increased quantity of Greek tobacco, no progress has been made in the situation, and the privileged position which has been created for Virginia tobacco, owing to the abnormal conditions, is tending to become permanent and to extend at an increasingly steady rate.

"During a recent talk which I had with the tobacco industrialist Reemtsma, I was given the opportunity of ascertaining that this former "giant" of oriental tobacco had been decidedly won over to Virginia tobacco which, in his opinion, was destined to gain the whole of Europe."

The report concluded:

"The German tobacco industrialists with whom I talked in Hamburg emphasized that they very well knew that Greece invoked wider political considerations bound up with the internal political stability of the country and of her Northern provinces, in her effort to obtain the purchase of Greek tobacco by Germany. They added, however, that enterprises such as theirs were compelled to remain indifferent to politico-economic developments in Greece.

Under the influence of these first reports, we sent the following telegram to the government:

"Arrived in Frankfurt Saturday midnight. Have made unofficial contacts yesterday and to-day. All members of the delegation feel that the situation is desperate. Greek tobacco has been entirely ousted from the German market. Tobacco-industrialist Reemtsma who formerly alone bought half the Greek tobacco exports, considers the period of oriental tobacco definitely at an end.

"Turkish representatives have spent several fruitless months here. Nevertheless, we refuse to accept the loss of the German market as final, without a last, decisive fight."

THE AMERICANS

And the next day we began the struggle. First we visited the representatives of the United States in Frankfurt. These were the Chief of the U.S. Aid Mission, Mr. Hanes, and the Political Adviser to Mr. McCloy, the U.S. High Commissioner. To Mr. Hanes we handed a letter from Mr. Porter.

We asked Mr. Hanes whether it was correct, as we had heard in Athens, that Aid dollars intended for the purchase of American tobacco had been limited to \$ 12,000,000. He replied that this information was not correct, since no decision had been taken on this matter. We explained the Greek point of view and gained the impression that we had met with understanding. We next visited the Political Adviser to the U.S. High Commissioner, Mr. Rieber, from whom we also gained the most favourable impression. Then we went to Bonn, the capital. There we continued our contacts with U.S. chiefs. The three Allied High Commissioners who live in Petersburg, the

historic meeting place of Hitler and Chamberlain, honoured me to dinner, during which an opportunity was given for discussions. I had long talks with Mr. McCloy, the U.S. High Commissioner, and a truly outstanding personality. He assured me that he would make the most friendly recommendations to the German government. The following day, I learned from Ministerial sources, the content of the statement which had been made by Mr. McCloy. It was as follows: "Mr. McCloy is greatly interested in the successful outcome of the Greek-German negotiations, and he recommends the matter to Mr. Erhard's attention. The success of these negotiations is of additional interest since it will result in support for industries in Berlin.

"Mr. Hanes has made a démarche to Washington for a reduction in the ECA dollars made available for the purchase of tobacco. Mr. Hanes has had talks on this subject with the Greek vice-Premier. Mr. Hanes told the vice-Premier that the decision of the German government would carry weight in this connection."

Thus I concluded my contacts with the Allied leaders, and particularly with the U.S. representatives. The criticism is often made that whereas the conception of the Marshall Plan is masterly and generous, its execution is sometimes petty and narrow-minded. But the facts give an answer to this: the execution is as enlightened and generous as the conception of the Plan is masterly and heroic.

I address my warm thanks to Mr. McCloy and Mr. Hanes and to our own Mr. Porter who helped me with his recommendations.

THE GERMAN GOVERNMENT

The first step had been accomplished. The support of the Americans had been won, but the agreement of the German government was still required. And I started negotiations. I communicated with the President, Professor Heuss. I communicated with Chancellor Adenauer. I also communicated with the vice-Premier, Mr. Blücher, who had always been in favour of oriental tobacco and had repeatedly expressed this view. He is imbued with a European spirit. I explained our viewpoint to that strong man who to-day stands at the head of the German Republic, Dr. Adenauer, and I handed him a memorandum, the contents of which I communicated to the other members of the government. My memorandum reads as follows:

"As the representative of the government and the people of Greece, I have come to Germany so that, with the approval of the German government, we may once again link the economies of our two countries, as in the past.

"To further this purpose, Greece is ready to place with German industry, orders for a large part of her Marshall Plan reconstruction requirements, as well as for her permanent import needs, in so far as these can be met by Germany.

"On her side, Greece desires that Germany should take a substantial part of her tobacco which is her principal product and of which for several decades Germany bought more than half. This is rendered easier to-day by the fact that there is hardly any difference between the price of Virginia tobacco and that of Greek tobacco.

"I should like to recall that when, as Prime Minister at the time of the Liberation, I arrived in Greece, I found a heap of smouldering ruins.

"As soon as we had started rebuilding the wreckage, the scourge of communism appeared again. The struggle of communist pan-Slavism against the eternal advance of Liberty and

Human Dignity was fought on Greek soil, and victory was won for Greece with the sacrifice of Greek blood.

"Yet Greece will be once again in danger of losing the fruits of her victory, if misery is inflicted on her people, misery from which communism will benefit. It must be emphasized that the Greek provinces of Macedonia and Thrace whose sole product is tobacco, adjoin the satellite countries of the Kremlin and are therefore exposed to greater danger.

"I am sure that the new democratic Germany which is rapidly resuming its historic role of responsibility for Europe, cannot remain indifferent in the face of this fact."

Bonn October 11th, 1950

GEORGE PAPANDREOU

The reaction to this memorandum will be appreciated from the reply which was given to the Press by the Official Press Office:

"The vice-Premier of the Greek government, George Papandreou, emphasized during his talk with the Prime Minister, Dr. Adenauer, that the Greek government welcomes the strengthening of the Federal Republic, because it sees in this a safeguard against communism.

"Diplomatic quarters in Bonn have emphasized the importance of this talk.

"Greece is prepared to take a large part of her imports from Germany and estimates that the sale of Greek tobacco in the German market can reach the pre-war level.

"The statement of Mr. Papandreou was welcomed on the German side with great satisfaction, since the Federal government is also interested in the re-establishment of close Greek-German relations."

The preliminary work had been done. Discussions now had to be held with Mr. Erhard, the Minister of National Economy, who would have to sign the agreement. The next day, I saw Mr. Erhard with whom I share memories of my academic studies. Mr. Erhard showed responsiveness, but he told me that the tobacco industry in Germany was free, there was a free economy, there was no State monopoly, to enable the State to buy the amount of tobacco which it wished.

It was therefore necessary to convince the German industry, and this would be difficult owing to the large interests which German industry had in Virginia tobacco. He then proposed to me the solution of triangular trade, which means that Germany would buy Greek tobacco and export half of it to America, so as to be able to import Virginia tobacco in its place. I replied that this proposal was unacceptable, since it would result in Greek tobacco being driven out of the German market and completely losing its value in the American market. And the proposal was rejected. He then told me that there would have to be a meeting between the two delegations, at which the German tobacco industrialists would be invited to be present, and he asked me whether I would accept to be present also, to explain the matter.

THE TOBACCO INDUSTRIALISTS

I promised to attend, but the day on which the meeting in Frankfurt had been fixed, the leaders of the four big German tobacco companies did not appear. They sent representatives, and I did not consider it appropriate that I should be present in person.

The Director-General of the Ministry of National

Economy, Mr. Reinhardt, to whom I owe many thanks, first met the tobacco-industrialists on behalf of the German government. What pressure he brought to bear, was ascertained later at the public meeting between the two delegations.

The representatives of the German tobacco industry protested vigorously at what they described as the "intolerable pressure" brought to bear by the German government. And then they stipulated that only if a reduction in the duty on tobacco were decided, would they agree to discuss. Our representatives told them that it lay with them to take up the matter of a reduction in the tobacco duty.

The representatives of the German tobacco industry insisted that I should approach the Minister of Finance.

And the chief of the German delegation, our own Mr. Triandafyllis and a representative of the German tobacco industrialists, came to convey their joint request that I should call upon the German Minister of Finance.

I refused and replied that I did not consider it appropriate for me to take such action. I had come to Germany with the greatest regard for their government, and not to make improper interference. Because they insisted, I said that I would agree to see the Minister of Finance, if Prime Minister Adenauer would recommend such a meeting to me. A few hours later, I received a message from the office of the Prime Minister that Mr. Schaeffer, the Finance Minister, awaited me.

We met. He did not give me a definite promise, but great hopes.

I should like to underline to the House the importance of the tobacco duty. To-day, the German budget receives two billion marks from the duty on cigarettes. A reduction by half will amount to one billion marks, or 4,500 billion drachmae, about the whole of the Greek budget. However, all those who were in favour of a reduction in the duty, argued that the reduction in revenue would be temporary, since the increase in consumption would make an even greater contribution to the budget.

After this meeting with the German Minister of Finance, it was necessary to have a final meeting with the German tobacco industrialists. The leaders of the industry came to this meeting, and I attended in person. The discussion was arduous. The president of the German tobacco industrialists explained their views at length, and stated that an industry such as theirs could not yield to considerations of a political nature.

He claimed that it would be a betrayal of the small tradesmen whom they represented, if they accepted a solution which would lead to their ruin. I was then compelled to undertake a long and difficult argument. I said to the German tobacco industrialists:

"I think you are committing a fundamental fallacy in invoking economic criteria to refute our point of view. I should like you to tell me whence this small tradesman whose interests you are protecting, derives his means of existence and development.

"Is it the automatic operation of the laws of economics, is it the law of supply and demand which ensures and contributes to his development?

"On the contrary. It is a process which transcends the laws of economic theory, it is the Marshall Plan, an act motivated by considerations of international politics, which provides you with the means of subsistence. It is undoubtedly a political act when a great country makes a gift to Europe of tens of billions of dollars to help her rebuild her ruins.

"Consequently, since your existence is due to political assistance, how can you betray the principles on which your existence depends? Only if you reciprocate in the same spirit, only an appreciation of European solidarity can lead to the realization of the ideals of world solidarity which animate the Marshall Plan."

I gained the impression that the argument proved convincing. And then we came to the discussion of quantities.

My proposal was for a three-year period and for at least 35,000 tons for the three years.

They asked me how it was possible to fix such precise figures for the future. To relieve the tension of the atmosphere, I told them that this was easier for me, since I happened to come from the country of the Oracles.... I added however that I myself was not interested in the figures, since, so long as their government stopped providing dollars and private barter, the purchase of oriental tobacco was rendered inevitable.

"If I insisted, it would be like asking the Weather Bureau for a guarantee that the sun would rise to-morrow. Even without a guarantee from the Weather Bureau, the sun will rise to-morrow. If I had asked that quantities should be fixed, it was first in the interests of the German tobacco industry, and secondly for those of German industry as a whole. It is to the advantage of the German tobacco industry that the German government should have a long-term tobacco policy, not a policy for a few months only, so that the German tobacco industry may adapt itself without risk.

The second reason is that we must have a large figure, on the basis of which to place orders with German industry, for supplies required for reconstruction.

This is why, in the name of the solidarity of the German social classes, the largest possible figure is essential."

They asked to withdraw. After a talk with the Director-General of the Ministry of National Economy, they replied that they accepted our proposals. I must confess that this was a moment of great rejoicing, which we all celebrated at a dinner attended by the German tobacco-industrialists and the members of the two delegations. Particularly worthy of attention is the preamble to the new statement made by the tobacco-industrialists, which is as follows:

"The cigarette industry comprehends the recommendations of the government in connection with the national importance of the exports of German industry to Greece, as well as the wider political interests of the Western World to safeguard Greece against communist infiltration, and it believes that it cannot reject a proposal which reaches the limits of its capacity."

Among the demonstrations of enthusiasm which greeted the agreement, I should like to read two extracts from a letter of the great tobacco industrialist, Mr. Kyriazis, who is the most competent person on this matter.

He wrote to me the same day: "I have just now been informed by telephone by my manager that an agreement has been reached on tobacco. Both as an industrialist in Germany and as a Greek, I congratulate you with all my heart on the unhoped-for outcome of your negotiations.

I feel, owing to my long experience here in Germany and my absolute knowledge of the various prevailing tendencies, that I am in a better position than anyone else to appreciate the extent of your achievement. A month ago, I could not even have dreamed of such a result..."

I must emphasize, gentlemen, that in addition to the quantity for the three years which was accepted by the German tobacco industrialists, a very difficult question was that of the immediate purchases. For I was confronted with the obstacle of existing large stocks. It was ascertained that there were stocks amounting to 16,000 tons of oriental tobacco, and when pressed by the government to buy more during the first year, they protested that they would need to be speculators, to buy when they had such large stocks. And there were large stocks, because they had stopped using oriental tobacco.

THE LETTERS

After agreement had been reached with the German tobacco industrialists, there remained an exchange of letters with the Minister of National Economy. During a dinner at which I was present, at the residence of the President, these letters were exchanged.

There was no other such precedent. I shall now read you the two letters which constitute the conclusions of the negotiations. I wish to draw the attention of the House to the text of the letter of Mr. Erhard, the Minister of National Economy. It is not only the figures which are of interest, but also the general spirit of the letter. The interest shown is so lively, that one might almost be reading a statement of the Greek government. Here is the text:

44629/50

Bonn October 26th 1950

To His Excellency Mr. George Papandreou
Vice-Premier of the Royal Hellenic Government

At present in Bonn.

Excellency,

It is with great interest that I have learned of the contents of the memorandum which you handed to the Prime Minister on the 11th inst. We assure your Excellency that we, on the German side, fully share the desire of the Greek government that the economies of our two peoples should once again be joined in close and fruitful commercial relations. The German government appreciates that this purpose, the pursuit of which is also justified by other reasons, can only be achieved, if sufficiently wide possibilities are afforded for the export, to the Federal Republic, of Greek tobacco, the traditional market for which was always Central Europe. The German government knows that the assurance of a market for tobacco is a vital matter for the Greek State and to-day constitutes a particularly critical problem, for the solution of which immediate and effective measures must be taken.

The German government is resolved to use every means in its power for the achievement of this purpose. It has therefore recommended to the German cigarette industry that definite, long-term agreements should be concluded with Greek suppliers of tobacco, without delay, for the purchase of large quantities of tobacco. I am happy to inform your Excellency that, despite the existing large stocks of oriental tobacco, the German cigarette industry has expressed its readiness to meet the wishes of Greece.

It has agreed to fix from now the extent of the obligations which it will undertake at a minimum of 35,000 tons for the period from November 1st 1950 to June 30th, 1953, and it assumes that in the course of next year the reduction in the duty on cigarettes which has been under consideration and which I too consider necessary, will be effected. The industry expects that it will result in a considerable increase in consumption. In any case, it is agreed that during the period from November 1st, 1950 to

December 31st, 1951, 10,000 tons of Greek tobacco will be bought, from the 1949 and earlier crops.

More detailed arrangements on the purchase of the tobacco, time of delivery and quantities will be made between the Greek representatives and the German industry or other interested parties.

I have been informed from your memorandum, that the Greek government, in the implementation of its program for industrial reconstruction, is prepared to place large orders with German manufacturers, and I assume that you are in agreement with me that these additional agreements for capital goods shall not hamper regular German exports to Greece. It now remains with the economic missions of Greece and Germany which are negotiating the further settlement of commercial relations, to proceed with detailed arrangements for the purchase of the tobacco.

In addition, the economic missions of the two countries, or joint Greek-German committees to be appointed by them, must observe the consumption of oriental tobacco in Germany, in connection with the reduction of the duty on tobacco. These will, as the occasion arises, draw up further agreements, in addition to the above tobacco agreement.

I shall be obliged to have your reply.

Accept, Excellency, the assurance of my highest esteem.

DR. ERHARD.

My own reply reads as follows:

Bonn, October 26th, 1950

Professor Ludwig Erhard
Minister of National Economy,
Bonn.

Mr. Minister,

I have read with satisfaction the contents of your letter of to-day's date. Expressing my appreciation of the special efforts made by the German government and the German cigarette industry, I wish to state that I am in agreement with the settlement proposed by you.

Referring to the memorandum which I handed to the Prime Minister on the 11th inst., I wish to repeat to you the promise that the Greek government which is now engaged in the industrial reconstruction of Greece, will shortly place with German manufacturers orders at least equal in value to that of the tobacco to be imported by Germany during the next three years, that is up to June 30th, 1953. I should like particularly to stress that immediately after our exchange of letters, an order will be given to Germany, preferably to the Western sectors of Berlin, for a thermal-electric plant, the value of which exceeds that of the tobacco to be imported into Germany up to December 31st, 1951.

Please accept, Mr. Minister, the expression of my highest esteem,

G. PAPANDREOU

Vice-Premier of the Greek Government

At the dinner the following speech was made by Mr. Erhard, the Minister of National Economy:

"I am particularly happy at the successful conclusion of our negotiations, following which I am in a position to-day to hand you, signed, the letter

containing the obligations undertaken towards Greece by the German government. I too believe in the need for a resumption of commercial and economic relations between our two countries, in view of the fact that our economies supplement each other. I am sure that through this agreement, which is not of merely economic significance, the foundations are definitely being laid for closer relations between the two countries in the future. I am glad that Germany will be given an opportunity of taking part in the reconstruction of Greece. With regard to the material side of the agreement, you may rest assured that it will be fulfilled in its entirety.

"I consider myself fortunate to have had the opportunity of making your personal acquaintance, and wish to express our deep esteem for your person."

My reply was as follows:

"I am deeply moved by your words. I wish to convey to you, Mr. President, my heartfelt thanks for the great honour which you have done me. I also thank you, Mr. Minister, the Premier and your other colleagues, for the very ready and unreserved response which you have given to the requests of the Greek people. In coming here, I attached great importance to the opportunity which I was to be given to meet the leaders of the new democratic Germany. In the new destiny of the world, Germany is called upon to fulfil a great historic mission, to be a guarantee of the peace and liberty of Europe. A similar mission is being fulfilled in another corner of Europe by Greece, the eternal advance-post of civilization. This day gives me great happiness, and I request you once again, Mr. President, and the members of the government to accept my warm thanks."

An official communiqué was then issued from the President's residence. Its text was as follows:

"The President of the Republic to-day entertained Mr. George Papandreou, vice-Premier of the Greek government, to dinner at his residence. The guests at the dinner included the former Minister, Mr. Garoufalas, and the Chargé d'Affaires, Mr. Nikolareizis, on the Greek side, and on the German side Mr. Erhard, the Minister of National Economy, Mr. Schaeffer, the Minister of Finance and others. On this occasion, in an atmosphere of cordiality, there was an exchange of views on Greek-German economic, political and cultural relations. Letters were exchanged between Mr. Erhard, the Minister of National Economy, and the Greek vice-Premier, in which the basis was laid for an increased import of Greek tobacco by the Federal Republic."

I should like to add that in the course of the talks which followed at the residence of the President, Mr. Schaeffer, the Minister of Finance, gave a promise that the duty on cigarettes would be reduced as from the next financial year.

THE GREEK DELEGATION

Thus my task was over. At this point in my account, I must express my great satisfaction with all the members of the Greek delegation. They showed themselves most able, and their unity and devotion to the task were absolute. Their collaboration was most valuable to me and contributed to the success of my efforts. I salute and thank them.

EUROPEAN SOLIDARITY

And now, gentlemen, I shall give you the reason for the results which were achieved. Of course, there was the economic argument of the orders to be placed with German industry, but I must emphasize that my principal argument was not of an economic nature.

Germany is recovering. Her industrial production to-day is 113 per cent of what it was in 1938.

I must also point out that there are already orders for many years hence, and I did not see any anxiety to obtain orders. They attached more importance to regaining an old customer, with possibilities for the future. But it was not the economic argument which really brought about results. It was the political argument. It was the argument of European solidarity and the struggle against communism, it was the political aspect of the question. It was to placing the matter in its political setting that I devoted my attention from the very first. The day after my arrival, I made the following statement:

"Although Greece and Germany have set off from different starting points, the road which lies before us in the future is the same. In the past, there was a contradiction in our relations. There was economic cooperation and political antithesis. The closer our economic relations became, the greater was our political anxiety. Now, the opposite is the case. We now have a common political purpose, but not economic cooperation. But since the hour has sounded for our common political destiny, we must re-establish our economic relations. Greece and Germany, at the two extremities of Europe, are threatened by the same danger. It will be symbolic if we join hands for our mutual recovery and assistance in the defence of our common ideals of Liberty and Democracy."

"...I see that Germany is recovering, and she is showing once again that the Greek tradition of the phoenix rising from the ashes also belongs to her. The stronger Germany became before the war, the more anxious we became, for then Germany meant aggression. Now, the stronger she grows, the more reassured we feel, since she means defence. A common destiny unites us for the future. The sooner this truth is generally recognized, the better for Europe and the whole world. Without Europe, there can be no effective defence of the World, and without Germany there can be no effective defence of Europe. Germany is the bulwark of Europe in the defence against pan-Slavist communism, and Europe is the bulwark of humanity."

My radio broadcast from Bonn to the German people was animated by the same spirit. I told the people of Germany:

"I have come to Germany to meet the new Federal Republic and its leaders, and particularly those who have created the Germany of to-day, with the President of the Republic, Professor Heuss, and Premier Adenauer, at their head.

"In the second place, it is my mission, in agreement with Germany, to restore the bonds which existed before the war between the essentially complementary economies of our two countries.

"I consider myself fortunate to have made the personal acquaintance of these two men. Our talks took place in an atmosphere of spiritual exaltation which deeply moved me.

"The new destiny of the World unites our peoples in defence of the supreme moral ideals of Freedom and Human Dignity.

"Greece, the eternal vanguard of civilization, has just now again fulfilled this duty, at the cost of very heavy sacrifices. Germany is rising to the heights of her historic mission of guaranteeing a peaceful and free Europe."

I should like at this point, gentlemen, to make one thing clear. What I have stated was not said merely to suit the occasion. It constitutes a deep and longstanding conviction of mine. Already in June

1943, when the Hitlerite tyranny was oppressing Europe, I wrote in a report to the British government and the Greek government abroad:

"To-day, world antagonism is taking a new shape. Two world fronts are being formed: Communist pan-Slavism and Liberal Anglo-Saxonism. And while the conflict in the character of their social regimes will lessen from day to day, gradually, the sole and fundamental characteristic of the conflict will remain the great concept of freedom, individual, political, national.

"Germany has ceased to exist as a threat to the world. She is still to be seen on the horizon, like the idol of the sun, after it has set.

"In this new phase of world history, the struggle between Liberal Anglo-Saxonism and Communist pan-Slavism, the whole of Europe—including the present enemies, after the uprooting of Italian Fascism and pan-Germanism, of which Hitlerism is the most extreme manifestation—will be the natural ally of Britain in the defence of her national independence and political liberties."

This prediction was fully realized. At a Press Conference the following day in Frankfurt, one of the younger correspondents asked me: "Do you not fear a revival of German nationalism? Why do you show such unreserved confidence?" I replied: "My confidence is not in your subjective intentions. It is in the objective facts of the situation, the new alignment of forces which has taken place in Europe after the last war." I then gave a brief review of the past history. Up to 1870, ambition for domination in Europe belonged to the France of the Napoleons. Then came the war of 1870 and the defeat of France. But France did not suffer only a defeat; she was also ousted from her ambition to dominate. A new and greater power appeared on the European scene and took up the aggressive role, the Germany of Bismarck and later of the Kaiser. From 1870, France is placed by history, if not by her own choice, at the head of the defensive front in Europe.

Then came the 1914-1918 war. Germany was defeated in 1918, but did not give up her ambition to dominate, since she continued to be the strongest power in Europe. She was awaiting her hour. And the hour was tested in 1939, but in 1945 she suffered what France suffered in 1870. She was defeated and ousted from her position. For another and much greater power had entered the European scene, the Soviet Union, which took up the role of aggressor. And thus, Germany is placed by history at the head of the defensive front of Europe. "It is not on you and your intentions that we rely," I told them, "it is on the defensive role which history assigns to you. For this reason we have confidence in you..."

Naturally, I told them, we realize that after the very hard five years' war which we have had, time will be required for the alignment of the new fronts to reach psychological maturity. In speaking of a common front with yesterday's invaders, we feel an inner reluctance, but unfortunately here again history does not permit us the luxury of patience. For the hour is not fixed by the defender but by the aggressor. It has already been fixed and may arrive at any moment. For this reason we cannot permit ourselves to await the psychological ripening of the relations between the two former opponents. We must speed up the psychological evolution, so that the united front may be formed as swiftly as possible. It is only when a single European front is formed, that not only will victory be assured in case of war, but peace will also be better assured, since aggression will be more difficult.

If a psychological overcoming is difficult for the man-in-the-street, this overcoming is nevertheless the

duty of the leaders of the nation. The ordinary man is influenced by his emotions, governed by memories and by the past. This is the difference between the leaders and ordinary men, their followers. The leaders must be influenced by reason, foresight and the future. They must not look to the past and sacrifice the future.

Germany is called upon to fulfil this new mission. She is recovering economically, and she has another asset: political stability. I must confess that I envied them one of the articles of their new Constitution, article 67. This article guarantees full Parliamentary rights and at the same time ensures government stability.

I wish it were ours; I wish all Parliamentary countries of Europe had it. Article 67 says: "The President of the Republic elects the person whom he will appoint as Prime Minister. He will appear before the House and, upon receiving an absolute majority, will form the government. Henceforth however, the government does not require votes of confidence. Whenever the opposition seeks to overthrow the government, it must propose a new Prime Minister, whose person must be submitted for approval. Only if he gains an absolute majority must the President of the Republic call upon him to form a government."

The successor is found first, and then the government falls.

THE PRESS

I should also like to express my thanks to the **German Press** which followed my efforts with great understanding. After the conclusion of the agreement, the "Frankfurter Zeitung" wrote: "**Greek tobacco returns.**" I quote the following extract from "Neue Presse," to mention only one paper:

"George Papandreou, the Greek vice-Premier, before leaving for Athens, in bidding farewell to the Press at the Greek Consulate in Frankfurt warmly expressed his appreciation of the understanding he had met with in Bonn from the President, the Chancellor and the Ministers of the German Federal Government."

"The purpose of his visit was the resumption of the Greek-German trade agreement and particularly the sale of a considerable part of Greek tobacco production, in exchange for goods required for the reconstruction of Greece. This was achieved by him in the most outstanding manner. The Federal Republic showed itself willing to take from Greece during the next three years, a total of 35,000 tons of tobacco, worth about 50 million dollars. Ten thousand tons are to be bought by the end of 1951."

"The Greek representative was also able to lay the foundations for a new Greek-German Trade Agreement."

"It should be pointed out that this important

agreement is of significance not only from the commercial point of view, but also from that of international politics.

"Greece, as one of the ramparts of the international front in the Mediterranean, weakened by ten years of war and internal unrest, is in urgent need of the material and commercial assistance of the Western system of Economic Aid. America will make her contribution to this through large Marshall Plan credits, while Germany's help will come in the form of her purchase from this sorely-tried country of an increased quantity of one of her main products, tobacco. At the same time Germany will not be engaging in an unprofitable transaction, since she will be expanding her export trade with a country to whom she has always been bound by close material and cultural interests. The German smoker will be asked to make the "sacrifice" of gradually altering his taste."

"With the greater use of Greek tobacco, the taste of oriental cigarettes, both mild and strong, in combination with Virginia tobacco, will make itself increasingly felt again. Differences of price which in the past favoured Virginia tobacco, have been almost eliminated. Mr. Papandreou argued with conviction that the taste in cigarettes alters with the political atmosphere, and the Germans will no doubt re-acustom themselves with pleasure to the "peace-time" cigarette which they used to prefer."

The newspaper is here referring to a talk which I had with the President, and the subject of which I communicated to the Press Conference. In a mood of enthusiasm, aroused by an evocation of the classical past, President Heuss, in his desire to promote a return to Greek tobacco, said that the German market had been won over to Virginia tobacco as a result of the war, and that we should have to find a slogan with which to recapture the smoker. And I suggested: "War-time taste: Virginia tobacco—Peace-time taste: Greek tobacco." And he agreed...

THIS IS THE REPORT ON MY MISSION

Gentlemen, I have come to the end of my account. As you will have seen, an effort was not only made to place Greek tobacco. My mission and conversations in Germany had a wider content. They have created broader possibilities for economic cooperation and were inspired by a higher spirit of international and European unity. This general spirit is well expressed in the telegram which Prime Minister Adenauer sent me on my return to Athens. The Chancellor of the Federal Republic said in his telegram: "I am sure that your visit, which was a personal pleasure for me, has made a valuable contribution to mutual understanding and to furthering the interests of our two countries."

Gentlemen, you have heard my report on my mission.

MR. GEORGE PAPANDREOU REPLIES TO THE DEBATE

Replying to Mr. Tsouderos, the leader of the National Progressive Union of the Centre (EPEK), during the debate on tobacco, Mr. Papandreou said:

I was wondering whether it was necessary for me to address the House again, in reply to the long and painstaking speech of the honourable Chairman of EPEK. For I believed that the House had obtained a very clear picture, but quite contrary to that which the honourable Chairman of EPEK sought to give.

When he concluded his mission to America, Mr. Tsouderos made specific statements. "Nea" of August

30th, 1950, contains the following: "Mr. Tsouderos did not wish to disclose details, but he stressed that in one or two months' time, there will be no tobacco problem for Greece."

The first month passed, so did the second and the third arrived, but this great optimistic pronouncement remained unfulfilled.

Mr. Tsouderos: But I resigned.

Mr. Papandreou: I have yet to learn that the honourable Chairman of EPEK concluded a personal arrangement, and that the solution depended en-

tirely on his remaining in power. We assumed that you represented the Greek government and that you had been negotiating in the name of the Greek government and the country. Now I learn that it was a personal favour of the United States, which was withdrawn after your resignation.

Mr. Tsouderos: Good faith in discussion requires that you should not have me express ideas which I did not express. I never stated that America had made the tobacco question a personal favour to me.

Mr. Papandreou: I have followed your efforts personally with sympathy. If you had come on to the floor of the House, without boasting of a non-existent success and stated that you had done all in your power, I should have been the first to affirm from my own experience that the honourable Chairman of EPEK had indeed made conscientious efforts: But this was not enough for you. You professed to have solved the problem, whereas the problem remained completely unsolved.

Mr. Tsouderos: On what are your statements based? This is not my text which you are reading.

Mr. Papandreou: They are statements of yours.

Mr. Tsouderos: The only statement I made was that I hoped that in two months at the latest, the tobacco question would have been settled.

Mr. Papandreou: I am reading statements taken from the Press friendly to the Chairman of EPEK, so that it should not be thought that his opponents have deliberately attributed unfulfilled promises to him.

In his long report which we know from its publication in the Press, and which I presume was read in the House so that it should be recorded in the minutes of the House, the Chairman of EPEK said: "The U.S. government and ECA fully appreciate the importance of tobacco for the economy of Greece and are now prepared to take measures for stimulating our exports both to Germany and America."

And I ask, without insisting on an immediate reply, what measures have so far been taken by the U.S. government to stimulate our exports, in accordance with the assurance of our representative? So far, none at all.

What is the position of our exports to America, where the main efforts of our representative were made?

As I announced yesterday, in accordance with the official declaration of the Autonomous Tobacco Organization, 664 tons have so far been exported and transactions have been concluded for a further 1,400 tons. I repeat and insist on this question, which will, of course, remain unanswered: where are the measures which were to be taken by the U.S. government to stimulate our exports?

They are non-existent, and this is the first great error of the Chairman of EPEK.

Mr. Kartalis: May I interrupt?

Mr. Papandreou: Why you? I am asking about America and you were in Athens.

Mr. Tsouderos: Mr. vice-President, I do not have the exact text to submit, but I know that at this moment, if you will make better inquiries, you will learn that the principal American companies are already in Macedonia and have bought almost all the American-grade tobacco.

Mr. Papandreou: The Tobacco Organization is

(* 1 oka = 2.80 kilograms.)

the most authoritative source of information. I asked it for information, and its report adds:

"There is so far no further specific indication of the intentions of the U.S. companies."

An M.P.: When was this report submitted?

Mr. Papandreou: Yesterday.

Mr. Kartalis: He will learn to-morrow.

Mr. Papandreou: Your information is unofficial. We prefer to obtain information from official organizations.

Mr. Alexandrides: We have 3½ million okas* of unsold tobacco. I think this is the best information.

Mr. Papandreou: If this debate is to be conducted seriously, it cannot be based on inaccurate information--only on official information from authoritative organizations. And the responsible information is what I have told the House. **So much for America.** These were the results in America. In justice, I might describe them in the following way: Mr. Tsouderos did make conscientious and painstaking efforts; the members of the delegation who accompanied him told me this; he saw tobacco industrialists, he saw tobacco merchants, he tried to explain the position; he spoke, as his friends said in their reports, the language of the banker, the language of the businessman, he drew useful conclusions which are recorded in his report. It is also true however, that nothing was achieved. There were conversations, studies, conclusions, useful recommendations to the government, which we also used, but nothing was achieved. **This is the report on America.**

And now I come to Germany. With regard to Germany, Mr. Andreades, who accompanied the honourable Chairman of EPEK, the adviser on tobacco who was also a member of my delegation, in a report submitted to the Chairman of EPEK on the German market, wrote as a conclusion of the mission to the United States: "With regard to the German market, I am not in a position to have a personal opinion as to the final intentions of the U.S. officials. The only thing which I have ascertained from the conversations at which I was present, is that they carefully avoided raising this matter at all."

The procedure which I also ascertained to be in force in the course of a talk to-day with Mr. Porter, the procedure for the settlement of the German market, involves the following stages: The German government expresses a view, the U.S. Mission in Germany either agrees or disagrees, and the final decision is taken by Washington. This is why the information that the dollars had been already reduced by America, was not correct. As I told the House yesterday, Mr. Hanes, the Chief of the U.S. Mission in Frankfurt, assured me that this was not the case. Consequently, a reduction in dollars for the purchase of Virginia tobacco may have been discussed, but no decision had been taken.

It is also correct that there are in Germany stocks amounting to 16,000 tons of oriental tobacco; these had piled up owing to the fact that the tobacco was not being used during the last few months. Consequently, if the laws of economics invoked by the Chairman of EPEK, were observed, even if there were a desire to return to oriental tobacco, it would be necessary for these large stocks, which with the present consumption were sufficient for one and a half years, to be first exhausted.

Thus, the position was truly desperate. On the one hand, there had been no reduction in the dollars for the purchase of Virginia tobacco, and on the other there were large stocks of oriental tobacco. This constituted the greatest difficulty in my task.

I wish to believe, with regard to the German market, that the Chairman of EPEK may have shown interest, asked for information, given advice, but at the time we undertook the mission, nothing had been achieved. **Our struggle had to start from the very beginning, and we brought it to a conclusion.** This is the report on our action.

And now we shall analyse the successful outcome which the Chairman of EPEK sought to criticise. What have we achieved? We achieved a joint agreement between the German government and the U.S. Mission that a substantial reduction should be made in the dollars and private barter with which Virginia tobacco was bought. Despite the existence of 16,000 tons of stocks of oriental tobacco, we succeeded in definitely arranging for the purchase during the first year of 10,000 tons of Greek tobacco from the 1949 and earlier crops. This purchase will be made whatever happens, irrespective of any other consideration.

Secondly, on the assumption that there will be a reduction in the duty, which both the Minister of National Economy and the Minister of Finance have promised will come into operation during the next fiscal year, an express obligation has been undertaken for at least a further 25,000 tons for the next two years. I attach a secondary importance to the figures, since if the policy laid down by the German government is faithfully adhered to, the **purchase of oriental tobacco even in excess of this quantity will be inevitable and automatic.** Thus, there is a great and positive achievement.

Over and above the figures, there is the fact of the return of Greek tobacco to the German market, **the fact that we have definitely regained the German market.** This is what we have accomplished.

And now the question is asked: What sacrifices have we made? **We have made no sacrifices.** Why? Because we would in any case have placed orders for reconstruction goods, and we preferred to give them to Germany, so as to sell the tobacco in exchange.

It is asked: at what prices?

I have the right to wonder that such a question has been asked, as though an obligation had been undertaken to pay higher prices, whereas in the letters which were exchanged no mention is made of prices, either for the tobacco, or for our orders.

Mr. Modis: The British firm of Powell Duffryn, recommends German machinery for the Ptolemais installations.

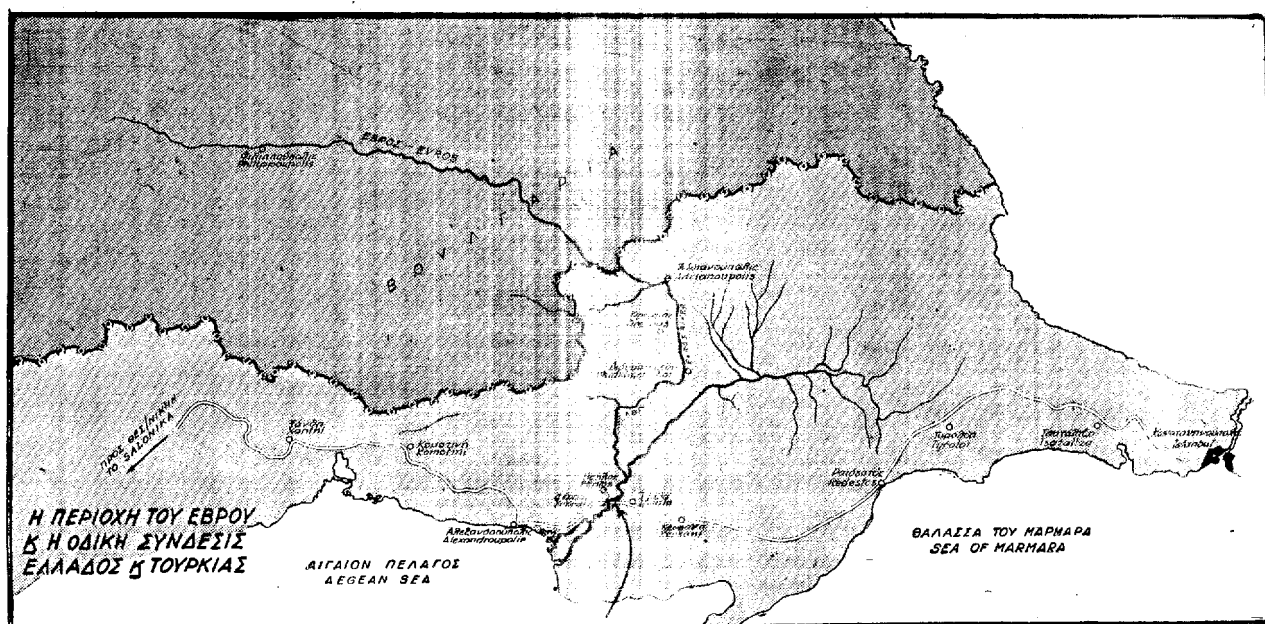
Mr. Papandreou: It would be monstrous, it would reflect upon the moral basis of our agreements, if we were to give increased, privileged prices. **Current prices are understood on either side,** and for this reason no mention of price is made, either for the tobacco, or for our orders. It also happens however, that **the prices in Germany are very much lower** and the quality excellent. Consequently, we shall also benefit from this point of view. This is why there have been no sacrifices.

But it has also been discovered and presented to the House as a matter of great importance that we were to return real estate worth tens of billions. I have already given an answer on this matter, and I repeat that **the German real estate will be treated in the same way as the Italian.**

There will be equal treatment. This is my reply. With regard to the trade marks, I have to inform you that a decision was taken by the government of the late Mr. Diomedes. **We have excluded from the return the trade marks which are of economic importance.** And I must again add that the discussion on the trade marks, was not associated with the tobacco question, **but with the question of wines,** and we have ensured an import of double the quantity of Greek wines. Last year, the value of wines imported was \$ 750,000, but this year the value has been increased to \$ 1,500,000.

This is what we have accomplished.

This is my reply to the honourable Chairman of EPEK.



The Evros district—Greek-Turkish road link.

THE RIVER EVROS PROJECTS

OPPORTUNITIES FOR WIDER COOPERATION BETWEEN GREECE AND TURKEY

PROPOSED EAST TO WEST ROAD LINK

SECTOR 17. With the start of the work of the Permanent Evros Committee in Istanbul last September, an opportunity has been given to Greece and Turkey to cooperate for the solution of common technical problems. The discussions took place in an atmosphere of mutual understanding and good will. For the first time in the relations of the two countries, a Greek-Turkish Committee has been functioning, with clear and specific aims. This Committee was formed to tackle the problem of exploiting the Evros valley, to enable Greece to undertake the further development of the Evros district and the full utilization of the agricultural experience and manpower resources of the region. On her side, Turkey will be given the opportunity of the resettlement under better conditions of a part of her population in one of the richest agricultural areas of the country.

Efforts made by the two governments to deal with this problem since 1934 had reached a stage of maturity, but an additional impetus to progress was given through the wholehearted support of ECA. The presence of the Chiefs of the U.S. Missions to the two countries at the conference in Istanbul last July, as well as that of the representative of OSR Paris, indicated the active interest of ERP officials in the strengthening of the bonds of friendship between countries participating in the Marshall Plan.

In accordance with decisions taken at the first and subsequent meetings of the Evros Committee, preliminary action has been taken and agreements have been reached, so that it may be said that the joint program of action will come into operation within the next few days.

By joint decision of the two governments, a request was submitted that a U.S. firm should be invited to prepare the final survey of the Evros projects without delay, so that construction may start next summer. This request was approved in principle by the ECA Missions to Greece and Turkey and by ECA Washington. The approval of OSR Paris is now awaited, so that further steps may be taken.

Negotiations are meanwhile in progress between the two governments for the immediate start of the topographical mapping of both banks of the river, so that the diagrams may be ready for the use of the firm which will be making the survey. Meetings have been held for this purpose, difficulties have been smoothed out and a program of obligations and responsibilities on either side has been drawn up.

Through the willing cooperation of the Greek Air Ministry, a Greek aircraft is being equipped with the necessary apparatus for the photographing of both banks of the river. Meanwhile Turkey is arranging for teams to carry out preliminary topographical work on the eastern bank.

It is expected that the first topographical maps will be ready by April 1st 1951 and that all the work will be completed by July 1st. A special detailed program will be drawn up at the next meeting, on November 27th in Istanbul, between the topographical services of the two countries. This meeting will mark the actual start of the topographical work.

Road-link between Greece and Turkey - Proposed bridge over the Evros.

The readiness of the Turkish government to extend the scope of the cooperation between the two countries, was demonstrated through a proposal submitted to the Permanent Evros Committee by the Turkish authorities, that a road-bridge should be built over the Evros, at a point opposite the delta, between Pherrai and Ypsala. This proposal was most favourably welcomed in Greece, and the Ministry of Public Works, in cooperation with the Ministry of Coordination, is endeavouring to obtain the financing of the project.

In this case again, the understanding and cooperation of the U.S. Mission Advisers on Road Construction in each of the countries is of importance. These are now in contact, in connection with the project. It is hoped that within the next few days there will be a meeting of representatives of the two countries and ECA, so that the project may be promoted. The bridge will form the terminus of the great coastal road which the Turkish government is building from Istanbul, via Redestos and Kessani, to a point on the river (see map on page 257) where the old Egnatia road used to start. The original tracing of this road is followed by the new one. The importance of the bridge will be appreciated first from the fact that it will link the two countries, and secondly from the fact that the new road will form the main highway from East to West. Moreover, the traffic which will thus pass through the Northern provinces of Greece, will open up many new possibilities for that part of the country.

THE PROGRESS OF RECONSTRUCTION

AGREEMENT SIGNED WITH PIERCE MANAGEMENT FOR DEVELOPMENT OF LIGNITE MINES

SECTORS 21, 23. On November 9th, in the Conference Room of ECA Washington, an agreement was signed between the Greek government and the U.S. firm of Pierce Management, under which the latter undertakes the development, within the next two years, of two lignite mines in the Aliveri district, with a level of production sufficient to meet the requirements of the Aliveri

thermal plant. The U.S. firm will also continue the operation of the mines for a further six months.

The agreement was signed on behalf of the Greek government by the Adviser to the Ministry of Coordination Service for the Implementation of the Power Program, in the presence of senior officials of ECA Washington, including Mr. Appleby, Mr. Aleinikof, Mr. Einhorn and Mr. Lister.

For the purpose of carrying out this agreement, an application was submitted to ECA Washington, for financial assistance amounting to \$ 3,836,776 for the procurement of equipment and payment of

technical services, and \$ 271,645 for travelling expenses.

In addition to the above amounts, it is expected that the project will cost the equivalent of \$ 1,660,634 for purchases from participating countries and \$ 76,993 for freight. Provision is made for the expenditure of 64,274,453,000 drachmae, of which 50 billion will be used for a miners' settlement and the remainder for the development of the mines. Finally, the cost of the technical services, including the survey for the development of the mine and the management of its operation by Pierce Management will amount to \$ 780,000.

The project is fully justified from the economic point of view, since it has been ascertained that there are adequate reserves and the cost of the fuel at the factory will be satisfactory (\$3.30-\$3.50 per ton).

The project provides for the development of

two lignite mines at the location of the present one, and the production of 500,000 to 750,000 tons annually, to be supplied to the thermal power station.

The early operation of the Aliveri thermal plant is of outstanding importance, since any delay will hold up the development of new industries and the expansion of existing ones.

It is therefore essential for the development of the two Aliveri lignite mines to proceed rapidly, so that they may have reached the level of full production when the thermal plant begins to operate, and so that adequate stocks may be available at the plant.

Members of the staff of Pierce Management, including Mr. Pierce, the manager, and his colleagues, Mr. Adams, Mr. Robins, Mr. Evans and Mr. Haley are already in Greece and have left to start work at Aliveri.

CUMULATIVE SURPLUSES OR DEFICITS OF PARTICIPATING COUNTRIES

July-September 1950

BRANCH 5

(In thousand accounting units¹)

COUNTRY	GREECE			PARTICIPATING COUNTRIES		
	Total Surpluses	Total Deficits	Net Surpluses or Deficits	Total Surpluses	Total Deficits	Net Surpluses or Deficits
Austria	+ 749	--480	269	+ 1,361	-- 9,288	-- 7,927
Belgium	+ 6,991	-- 36	6,955	+ 65,017	-- 67,782	-- 2,765
Denmark	+ 734	--	734	+ 7,299	-- 27,292	-- 18,993
France	+ 6,292	--	6,292	+200,400	-- 9,851	+ 190,549
Germany	+ 7,362 ²	--	7,362	+ 26,110	--203,319	--177,209
Greece	--	--	--	--	-- 42,741	-- 42,741
Iceland	--	--	--	+ 9	-- 1,882	-- 1,873
Italy	+ 3,174	-- 66	3,108	+ 17,094	-- 15,118	+ 1,976
Norway	+ 653	--	653	+ 9,804	-- 21,031	-- 11,227
Portugal	+ 354	--	354	+ 18,860	-- 38	+ 18,822
Sweden	+ 1,924	--	1,924	+ 39,329	-- 31,337	+ 7,992
Switzerland	+ 292	--138	154	+ 2,869	-- 30,910	-- 28,041
Turkey	+ 5,401	-- 60	5,341	+ 9,799	-- 8,672	+ 1,127
United Kingdom	+ 8,488	--	8,488	+206,622	-- 95,996	+ 110,626
Netherlands	+ 1,107	--	1,107	+ 37,942	-- 78,258	-- 40,316
Total	+43,521	--780	42,741	+642,512	--642,515	+ 331,092

1. The EPU accounting unit is to-day equivalent to \$ 1.

2. Germany-Greece position for September 1950 submitted except for repayment instalments due.

ADDITIONAL FUNDS FOR TELECOMMUNICATIONS INSTALLATIONS AT HERAKLEION AIRPORT

SECTOR 36. An amendment to a project agreement between the Greek government and the ECA Mission providing for the installation of telecommunications facilities at Herakleion airport, was amended on November 13th, to increase authorized expenditure from 170 to 200 million drachmae. The additional funds are for the execution of supplementary work at the airport of Herakleion, including the installation of a fuel tank and water supply tanks, modification of the transmitter for housing of the transformer and fitting of steel doors and louvres in the transmitter compartment.

TRAINING OF SANITARY ENGINEERS

SECTOR 43. Two Greek technicians, in government service, are in the United States studying problems connected with the treatment and utilization of water, sewage and garbage. These experts are members of a group of technicians from Marshall Plan countries who are following a two months' course in these subjects, under the auspices of OEEC. The participation in the group of the Greek representatives was arranged under a project agreement between the Greek government and the

ECA Mission, and the cost is being met out of technical assistance funds.

THE "WORK-RELIEF" PROGRAM AUGUST 1948--JUNE 1950

SECTOR 44. Data submitted by 43 out of 50 administrative districts of Greece shows that since the start of the "Work-Relief" Program in August 1948, to the end of June, 1950, the following projects were executed:

Road-building

A total of 1,564.9 kilometres of road were opened and 3,858.3 kilometres were repaired.

The type of road and method of construction vary from the building of asphalt-surfaced roads six metres wide, to minor road repairs or opening of pathways.

Land reclamation

Over thirteen thousand acres of land were irrigated; 9,000 acres drained and over 31,000 protected from flooding.

Planting of trees

A total of 258,519 trees were planted.

Sanitation

108 water supply projects and 24 sewage projects, including both new installations and repairs, were completed. Water supply and sewage projects carried out in Patras, have increased the proportion of the population of the town to whom these facilities are available, from 10 to 75 per cent.

Various other projects

Four airfields have also been constructed; village squares were embellished; rubble was removed; a number of piers were repaired; places of archaeological interest were embellished; and a home industries program was implemented.

A total of 62,221.9 million drachmae was spent on these projects. This sum is particularly small, in relation to the work carried out. It should be recalled however that it only covers wages which were very low—11,000 drs. for men and 7,000 drs. for women per day. The necessary materials were supplied by the communities or the State technical services, which also provided the necessary technical supervision.

Nearly all the projects were carried out with locally available materials.

The following table indicates projects carried out by district.

WORK ACCOMPLISHED UNDER THE "WORK-RELIEF" PROGRAM

August 1st, 1948—June 30th, 1950

	ROADS			LAND DEVELOPMENT					SANITATION	
	New	Improved	Total	Irrigation	Drainage	Flood-control	Total	Trees	Water Supply	Sewage Works
	Kms.	Kms.	Kms.	Stremmas **	Stremmas	Stremmas	Stremmas	Planted		
Total	1,564.9	3,707.3	5,272.2	55,159	37,556	125,484	192,999	258,519	108	24
1. Aetoloacarnania	2.5	56.0	58.5	0	0	0	0	0	1	0
2. Argolis	18.4	91.3	109.7	0	0	*	*	10,000	0	2
3. Arcadia	37.7	23.5	61.2	500	0	1,750	2,250	0	2	0
4. Arta	139.0	0	139.0	*	*	*	600	0	0	0
5. Attica	6.9	44.2	51.1	0	0	0	0	0	1	0
6. Achaia	27.9	36.7	64.6	*	0	2,000	2,000	4,000	4	2
7. Boeotia	8.0	61.5	69.5	2,000	0	2,000	4,000	0	2	0
8. Drama	24.0	205.0	229.0							
9. Dodecanese	17.4	58.5	75.9	272	207	104	583	9,513	1	0
10. Evros	4.4	26.0	30.4	0	4,735	30,150	34,885	2,500	2	0
11. Euboea										
12. Evrytania	15.0	132.0	147.0	0	0	0	0	0	8	0
13. Zakynthos	21.0	32.2	53.2	0	0	0	0	0	0	0
14. Eleia	27.2	186.0	213.2	0	0	*	*	0	1	0
15. Imathia	21.0	46.5	67.5	0	*	0	*	1,350	13	0
16. Herakleion	30.0	14.5	44.5	0	0	150	150	0	0	1
17. Thesprotia	42.0	42.0	84.0	300	0	4,450	4,750	0	2	0
18. Salonika	14.0	132.0	146.0	3,300	804	25,000	28,904		2	
19. Jannena	98.8	170.3	269.1	14,100	21,800		35,900	0	0	0
20. Kavalla										
21. Karditsa	100.0	220.0	320.0	0	0	0	0	56,100	0	0
22. Kastoria	78.0	29.0	107.0	4,000		0	4,000	0	0	0
23. Corfu	10.5	44.5	55.0	0	0	0	0	0	1	0
24. Cephallonia	2.0	90.0	92.0	0	0	*	*	0	0	0
25. Kilikis	*	*	151.0	0	1,300	0	1,300	3,050	23	0
26. Kozani	31.5	18.4	49.9	2,600	250	33,000	35,850	40,000	0	6
26. Corinth	0	6.0	6.0	0	0	0	0	0	0	6
28. Cyclades	7.4	77.0	84.4	0	0	0	0	0	0	0
29. Laconia	20.5	117.4	137.9	8,800	0	0	8,800	0	0	1
30. Larissa	10.0	217.5	227.5	3,500	0	6,000	9,500	0	5	0
31. Lasithion	49.8	6.0	55.8	0	0	0	0	0	1	0
32. Lesbos	65.0	163.3	228.3	0	60	2,200	2,260	0	2	0
33. Lefkas	2.2	32.6	34.8	0	0	0	0	0	0	0
34. Magnesia	0	164.0	164.0	14,200	0	500	14,700	0	0	0
35. Messinia								0	0	0
36. Xanthe	5.5	162.4	167.9	*	0	9,430	9,430	37,219	1	0
37. Pelli	28.0	79.0	107.0	204		8,500	8,704			
38. Pieria	3.0	30.0	33.0	0	0	0	0	0	1	0
39. Preveza	55.8	3.0	58.8	0	*	0	0	0	0	0
40. Rethymnon	42.8	28.8	71.6	0	0	0	0	0	0	0
41. Rodopi										
42. Samos	0	7.0	7.0	0	0	*	*	0	4	4
43. Serrai										
44. Trikala	111.0	348.0	459.0	700	800	250	1,750	0	9	0
45. Phthiotis	286.0	344.0	630.0	33	0	0	33	104,300	19	0
46. Florina										
47. Fokis	49.2	72.5	121.7	0	0	0	0	0	0	0
48. Chalkis	21.2	81.2	102.4	0	4,600	0	4,600	0	4	0
49. Chania	21.8	7.5	29.3	650	3,000	0	3,650	0	0	0
50. Chios	8.5	0	8.5	0	0	0	0	0	0	0

* Data not yet received.

** 1 acre = 4 stremmas approx.